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U.S. Attorney In Hot Water With Bosses

Justice Dept. Officials Irritated By Remarks On Nassar's CIA Ties

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U.S. Attorney William H. Kennedy is scheduled to meet tomorrow with Justice Department officials in Washington, D.C., amid reports he may be fired for his comments regarding the prosecution of a former Mexico official.

Last Thursday, Kennedy confirmed the Justice Department was blocking an indictment of Miguel Nassar Haro, the former head of Mexico's equivalent of the CIA, because Nassar was considered an important source of intelligence information.

His comments were published by *The San Diego Union* as part of a story detailing Nassar's involvement in a major car theft ring which was broken up by the FBI last summer.

A Justice Department source said yesterday that "there's a difference in the Union getting the story and the U.S. Attorney confirming it... that's what got people upset."

"For him to say, 'OK,' is to do nothing but outrage the CIA," the source said.

The New York Times reported in today's editions that senior Justice Department officials, while confirming Kennedy's comments, including the role of the CIA, were angered by his action and said his dismissal was under consideration.

Kennedy would not comment on the Times' report.

Kennedy is scheduled to meet with Deputy Attorney General Edward Smultz, the second-ranking department official under Attorney General William French Smith.

Smith told The Union last night he was aware of tomorrow's meeting and described it as "just a meeting to gather the facts."

President Reagan appointed Kennedy as U.S. Attorney here last November. He formerly was assistant district attorney here under Edwin Miller.

Speaking of the current controversy, the Justice Department source said, "the irony is, he was highly thought of. He came from the San Diego County DA's office, which has been a model of cooperation between federal and state jurisdictions."

The Union reported Friday that the CIA considered Nassar its most important source of intelligence in Mexico and Central America.

Nassar headed the directorate of federal security (DFS) from January 1977 to January 1982. The DFS has responsibility for intelligence, counterintelligence and anti-terrorist activities.

According to the Times' article, Justice Department officials yesterday said Nassar started sharing intelligence information with the United States when he became head of the security agency in 1977.

They said Nassar acted in a liaison capacity between the intelligence agency and the Mexican security agency, assuring cooperation in several intelligence-gathering operations in Central America. The officials declined to provide additional details.

Mexican authorities, reached by telephone yesterday by the Times, said the security agency routinely monitored the movements and telephone calls of guerrilla leaders from El Salvador and Guatemala who

used Mexico City as a base for international political and propaganda operations.

These authorities said sensitive information about Soviet and Cuban assistance to Central American guerrilla forces had been passed to the Americans by Nassar.

The intelligence agency has remained concerned about the Nassar case despite his departure from the Mexican government, because it fears publicity about cooperation between Mexican and American security agencies will force the Mexicans to limit their assistance, according to Justice Department officials.

"The CIA's main worry all along has been potential damage to the institutional relationship," said a senior department official, who asked not to be named. He added, "It was Nassar's job, not Nassar, that mattered."